



# PROPOSAL FOR FINANCIAL AUDIT SERVICES

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CITY OF NEWTON  
FOR THE FISCAL YEARS ENDING  
JUNE 30, 2014 - 2018

# PROPOSAL FOR FINANCIAL AUDIT SERVICES

RFP #14-64

CITY OF NEWTON

FISCAL YEARS 2014 - 2018

## SUBMITTED BY:

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CERTIFIED PUBLIC ACCOUNTANTS

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## TRANSMITTAL LETTER

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January 9, 2014

City of Newton  
Room 204  
1000 Commonwealth Avenue  
Newton, Massachusetts 02459

To the Financial Audit Advisory Committee:

We appreciate the opportunity to submit this proposal to assist you in selecting a firm to render independent financial audit services to the City of Newton (the "City") for the fiscal years ending June 30, 2014 through 2018. The objective of this proposal is to provide the City with an overview of our firm's experience, knowledge and leadership in serving Massachusetts municipalities. We have designed this proposal to answer any questions you may have relative to our ability to complete the engagement and to meet the minimum criteria and timing considerations noted in your Request for Proposals for Financial Audit Services. As demonstrated throughout this proposal, we fully understand the work to be performed and, if selected, we commit to completing all work and to deliver all written reports within the specified time frames.

It is our belief that we are uniquely qualified to perform these services. Although there are other firms that may bid on this engagement we believe we can separate ourselves from the others for the following reasons:

- We support the governmental audit community by taking the lead in addressing the many changing aspects of governmental auditing and financial reporting in Massachusetts. This is evidenced by the fact that our firm does not wait on the sidelines to see how things develop but takes a proactive approach. For instance:
  - We wrote the Department of Revenue's Practical Guide for Implementation of GASB Statement 34 for Massachusetts Local Governments. Over 2,000 copies were printed and distributed to local governments and audit firms.
  - We played a major role in working with the Department of Elementary and Secondary Education to change the End of Year Financial Report's Agreed-Upon Procedures compliance supplement to conform to the Standards Established by the American Institute of Certified Public Accountants.
  - We worked exclusively with the Massachusetts School Building Authority (MSBA) to assist them write the audit requirements and compliance supplement. We invested

over two hundred hours of partner and manager time in this project at no cost to the MSBA.

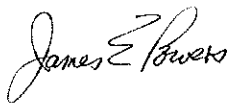
- Renee Davis and Frank Serreti of our firm have recently chaired the Massachusetts Society of Certified Public Accountants Government Accounting and Auditing Committee.
- Our management team includes six partners, and two managers, of which, all have between twenty-five and ten years of experience in municipal auditing. This deep bench strength provides you with assurance that your needs will be met. We propose to have James Powers as the engagement partner, Renee Davis as the on-site partner, and Richard Sullivan as the concurring partner.
- We have audited and assisted 16 Massachusetts communities in preparing Comprehensive Annual Financial Reports (CAFR) for FY2013 and submitting them to the GFOA for the Certificate of Achievement for Excellence in Financial Reporting. Every CAFR submitted prior to FY2013 has been awarded the certificate. We anticipate the same results for the FY2013 submissions.
- We currently audit several AAA rated Massachusetts clients. The Commonwealth has listed 24 Massachusetts communities that are rated AAA by at least one of the three major rating agencies. Our AAA clients are Andover, Arlington, Barnstable, Belmont, Brookline, Chilmark, Duxbury, Hingham, Marblehead, Wellesley, Wenham, Weston, and Lincoln-Sudbury School District.
- As you evaluate the proposal responses please pay special attention to the experience level our management team has in auditing Massachusetts communities. We believe that the depth of our experience gives us the ability to provide a fresh outlook each year while at the same time utilizing our knowledge of the City to increase efficiencies and to provide optimal service.
- We realize that the transition to a new audit firm can be difficult. We acquire new audit clients every year and have designed our audit process to minimize any disruption to your staff. We build in extra time in the first year to shoulder most of the burden of transition. We will also work with and rely on other the auditor's work in accordance with the applicable auditing standards.
- We take seriously our responsibility to remain independent as auditors. We consider our independence to be impaired when there is a technical violation but we consider a potential public perception issue an impairment.
- We selectively choose which communities to bid on and evaluate our ability to meet both the needs of the new client and our existing clients. We constantly assess the time commitment requirements of the partners, managers and the rest of our team so that existing clients such as Andover, Lowell, Quincy, Wellesley, Springfield and Westwood are not adversely affected.

- For the last twenty-three years, over 95% of our revenues have been generated from services provided to Massachusetts governments. This is our primary business and will continue to be our focus.
- You will receive friendly, courteous and timely service. You will be respected and not taken for granted.
- Our service may not be the cheapest on the market, but it will always be of exceptional quality and designed to help you.
- We will be honest and “up-front” with you at all times and expect the same from you. Our clients have found that they receive the maximum amount of benefit from our services through this open dialogue.

Our audit services will include the Comprehensive Annual Financial Report of the City of Newton, the Newton Contributory Retirement System, the Newton Community Development Authority, the Federal Single Audit and the separate agreed-upon-procedures report on the Department of Elementary and Secondary Education End of Year Financial Report. Our proposed fee of \$101,900 will remain the same for all five years. The RFP required that the Federal Single Audit fee be based on each major federal program audited which can change from year to year. Based on a review of your fiscal year 2013 single audit report we estimate that 3 federal award programs will be audited as major programs in fiscal 2014. The price per major program is quoted at \$4,400 each and represents \$13,200 of the \$85,700 quoted fee. Each year the total fee for the single audit will decrease/increase if the major federal award programs audited are less or more than three. The prices quoted include the cost of all labor, materials, insurance, and all other necessary expenses to fulfill the conditions of the contract. This quote is valid for a period of ninety days. Please see the compensation section of this proposal for more detailed information.

Thank you for the opportunity to be considered for this engagement. I can assure you that our team will do everything in its power to provide the City with the highest level of service, energy, commitment and experience. **We want the City of Newton as a valued client.**

Very truly yours,



James E. Powers, Partner CPA

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## OUR MUNICIPAL PRACTICE

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Powers & Sullivan, LLC specializes in providing audit and consulting services to Massachusetts governments. We currently service a combined client base of over 80 cities, towns, counties, districts, retirement systems and state agencies. Because we have chosen to specialize in the governmental sector, we understand governmental operations at a very detailed level and, accordingly, have developed the expertise required to properly service a municipal entity. Such experience has directly translated into an efficient audit engagement, accurate reports and a clear, concise management letter that makes practical recommendations for enhancing your operations and internal control structure. At Powers & Sullivan, LLC, we believe the role of an auditor goes beyond just an examination of the accounts. We expect our clients to rely on us for guidance related to reporting, municipal finance, systems automation and internal controls. This expanded level of service comes at no additional cost and is included as part of the quoted audit fee.

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## INDEPENDENCE

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In light of the recent developments in the accounting and auditing profession, the increased focus on independence is an important issue that any potential client must evaluate. As part of our quality control procedures, subject to peer review, the completion of a "Client Acceptance" form is mandatory. We have completed this form as it relates to you before we prepared this proposal.

This form is designed to determine independence as defined by auditing standards generally accepted in the United States of America and Government Auditing Standards, Standards for Audits of Governmental Organizations, Programs, Activities, and Functions, 1994 edition, issued by the Comptroller General of the United States.

We have evaluated any potential personal, external and organizational impairment as it relates to serving as your auditor and based on the results of our evaluation, we can serve as your independent auditor.

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## LICENSE TO PRACTICE

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We are licensed to practice in the Commonwealth of Massachusetts. Our partners and managers are Certified Public Accountants also licensed by the Commonwealth. We are members in good standing of the Massachusetts Board of Public Accountancy, American Institute of Certified Public Accountants, the Massachusetts Society of Certified Public Accountants and the Government Finance Officers Association.

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## FIRM QUALIFICATIONS AND EXPERIENCE

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We specialize in providing audit and consulting services to governmental clients and all of our professionals are members of our governmental audit team. Our partners have over 100 years of audit experience of which a significant portion has been devoted to public sector auditing and consulting. All of our 25+ full-time professionals complete at least 10 different municipal audits each year and our continuing education program is designed to keep them current on new governmental pronouncements. We meet all requirements related to peer review and continuing education of the AICPA and the Commonwealth of Massachusetts.

Our firm's objective is to maintain a leadership position in the Massachusetts municipal market. We accomplish this by providing personal service to our current client base with experienced partners and managers. Our management team is active in helping guide and educating the municipal community in the ever changing governmental accounting landscape. Our clients appreciate this level of commitment and we believe they derive significant added value from our service.

This depth of experience has allowed us to complete audit engagements in a cost efficient manner that is less disruptive to our client's day-to-day operations. Our goal is to service our clients in a manner that will develop a continuing relationship.

### **Commitment to Service**

Powers & Sullivan, LLC prides itself in being able to service our clients for both their independent audit and management consulting needs.

We continue to provide educational seminars for our clients as new issues emerge. We own audiovisual equipment including a state of the art LCD projector, portable sound system with hands-free wireless microphones, a large portable projection screen and all supporting equipment. Over the past three years we have conducted seminars dealing with matters such as GASB 63, GASB 60, GASB 54, GASB 45, SAS 99, SAS 112, and Fraud Risk Assessments and are continually present as speakers at Accountant's, Treasurer's and Administrator's conferences held throughout the Commonwealth.

The reason we mention this is to emphasize that our commitment to you does not end with the audit. We want to be an important source of new information to you and to your fellow local governments in Massachusetts.

### **Selected services in addition to audits:**

- Preparation of "Comprehensive Annual Financial Reports"
- Implementing automated financial reporting and accounting systems
- Development of internal control procedures
- Adoption of Enterprise Funds and related accounting and reporting changes
- Implementation of automated systems to account for fixed assets and infrastructure
- Forensic accounting and audits
- Student activity audits



## **Commitment to Massachusetts**

As previously mentioned, we are a Massachusetts based firm committed to servicing governmental clients located in Massachusetts. Consistent with that strategy, we are equally committed to supporting the Massachusetts economy at both the state and local level. Such a commitment is evident by the following conditions and policies:

- Our office is located in Wakefield, Massachusetts.
- 100% of wages paid to our staff is subject to Massachusetts income, unemployment and universal health insurance taxes.
- All computer equipment, office furniture, supplies, utilities, etc. are purchased from Massachusetts' vendors. Accordingly, the costs associated with these purchases are influenced by the overall economic conditions prevalent in the Commonwealth, including prevailing wage rates and the assessment of sales tax on in-state purchases. Exceptions to this policy occur only when sole source products are not available locally.
- We focus our recruiting efforts to students attending Massachusetts Colleges and Universities. We have developed strong relationships with both state and private colleges to provide students with full time employment, cooperative education opportunities and career counseling.
- We established the Powers & Sullivan, LLC educational foundation at UMass Lowell for the benefit of the accounting department and its students.

## **Commitment to Excellence**

Powers & Sullivan, LLC is committed to maintaining its professional excellence in providing quality services to our clients. Accordingly, we are a member of the American Institute of Certified Public Accountants. Membership requires that we pass a peer review of our quality control standards.

Our most recent Peer Review, conducted by the CPA firm of Bruce D. Norling, CPA, P.C., was completed on February 8, 2011. In this and all our previous peer reviews we received unqualified opinions. This means that the system of quality control for our accounting and auditing practice has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and conformed to professional standards. Please see Appendix A for a copy of the peer review report.

Since we are mainly a governmental practice, our peer reviews have always included specific reviews of several of our governmental single audits.

We have had several field reviews recently of our audits as part of the State Auditor's Single Audit Compliance procedures that resulted in no findings or deficiencies.

Our A-133 work product is subject to external review by federal granting agencies. This occurs on a regular basis and we have never received any negative comment about the quality of our work.

There has never been any final or pending disciplinary action taken against our firm or any member of our firm by regulatory bodies or professional organizations.

Our membership also requires our staff to receive a minimum of 20 hours of continuing professional education (CPE) per year and 80 hours within each two-year period. *Governmental Auditing Standards*, issued by the

Comptroller General of the United States, requires staff members who perform governmental audits to complete a minimum of 24 hours of their CPE requirement in subjects directly related to the government and to government auditing. We affirm that each staff member assigned to this engagement will have met these requirements.

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## TEAM QUALIFICATIONS AND EXPERIENCE

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We are a regional firm that is built on serving Massachusetts municipalities for the past twenty years. Three of our partners have an additional 10 years of auditing and accounting experience with international accounting firms. Our management team is comprised of six partners and two managers that spend over 90% of their time auditing Massachusetts municipalities. All are certified public accountants; three that have over 30 years of experience, three have over 17 years of experience and two have over 10 years of experience. The deep bench strength sets us apart from our competitors and you can be comfortable knowing that your needs will be serviced throughout the year.

We have structured our quote to respond to the evaluation criteria listed in the RFP (items 1 -4) along with additional criteria we have often seen used in evaluating the strength of a Firm by other Massachusetts communities; and using a rating system ranging from "Highly Advantageous" to "Not Acceptable". Listed below are our responses to these criteria. We hope you will see that we meet all of the highly advantageous criteria.

We will briefly describe our experience that can be considered highly advantageous for the City of Newton:

1. Auditor Level experience – *To be considered highly advantageous, a firm would be expected to have more than 3 CPA's who have 10 or more years of experience auditing Massachusetts municipalities.* Powers & Sullivan, LLC has 13 CPA's and one individual who has passed the exam and is working towards completing the 150 hour educational requirements. Of our 13 CPA's, 8 have over 10 years of experience with Powers & Sullivan auditing Massachusetts municipalities.
2. Firm Municipal Audit experience – *To be considered highly advantageous, a firm would normally be expected to have completed 15 or more Massachusetts municipal audits each year for fiscal 2011 through fiscal 2013.* Powers & Sullivan, LLC has completed approximately 60 city and town audits for each of the past five years and over 30 for the past 15 years. We also complete an additional 20+ audits of other Massachusetts governmental entities each year. In the municipal client section of this document, we have listed our FY2013 audit clients. In FY2013, we audited 62 municipalities of which 33 had over \$100 million in revenue, 15 were award winning CAFR's, and 12 had an AAA bond rating. We also audited 19 stand-alone school districts, 24 retirement systems, over 50 single audits, and performed over 50 End-of-Year Financial Report engagements conducted in accordance with the Massachusetts Department of Elementary and Secondary Education Compliance Supplement. These are the services you are requesting.
3. Size of Municipalities audited– *To be considered highly advantageous, a firm would have experience auditing at least 5 Massachusetts municipalities with greater than \$200 million in General Fund revenues for fiscal 2011 through fiscal 2013.* In 2011 and 2012, the Department of Revenue lists 13 and 14 Massachusetts Cities and Towns, respectively, as reporting over \$200 million in General Fund revenues and other financing sources (including the City of Boston). Powers & Sullivan LLC audited 4 of the 13 communities in 2011 and 5 of the 14 communities in 2012. In 2011, we also audited the City of Brookline which reported \$198 million in General Fund revenues. In fiscal year 2013, we have also audited 5 communities reporting over \$200 million in General Fund revenues.

Additionally, in fiscal years 2011 through 2013 we have audited 16 of approximately 36 communities reporting over \$100 million in General Fund revenues and other financing sources.

4. CAFR experience – *To be considered highly advantageous a firm must have completed at least 5 Comprehensive Annual Financial Reports for fiscal 2011 through fiscal 2013.* Our firm has completed 13, 15, and 16 CAFRs for fiscal years 2011, 2012 and 2013, respectively.
5. References – *To be considered highly advantageous a firm must provide more than five references.* We have provided references of a cross section of our client base and can provide additional references if you need more to complete your evaluation.
6. Staffing – *To be considered highly advantageous, a proposer shows a commitment to putting their best and most experienced staff and resources into this project.* Our normal staffing of this type of engagement has a management team consisting of an engagement partner, an on-site partner, and a concurring partner. For the City, we propose to have James Powers CPA as the engagement partner, Renee Davis CPA as the on-site partner, and Richard Sullivan CPA as the concurring partner. This plan has three partners with two with over 30 years of experience and one with over 18 years of experience performing major roles in the engagement. Additionally, we propose to have Todd Jurczyk CPA as the engagement manager and Hayley Finos CPA as the audit senior. Their professional experience is described in detail later in this quote.
7. Approach to the Audit – *To be considered highly advantageous, a proposer would need to demonstrate a complete understanding of the work to be performed, have an efficient audit plan, properly supervise audit staff, and realistically budget the hours required to complete the audit.* For the past 25 years we have focused our business on serving Massachusetts municipalities and are committed to doing so in the future. Further details on our approach are discussed below and again later in the “Audit Scope and Approach” section.

Our firm has invested in state-of-the-art software and reference libraries to ensure compliance with all auditing standards and risk assessment standards. We use the PPC suite of products from Thomson Reuters as the foundation for our audit approach. PPC’s SMART Practice Aids – Risk Assessment is an audit tool that uses risk assessment technology to generate customized audit programs based on risk assessments. It is designed for audits of local governments and has proven to be an invaluable resource for us in planning the audit of our clients. PPC’s SMART Practice Aids – Internal Control is an audit tool that we use to formulate a top-down, risk-based approach for efficiently and effectively evaluating internal control over financial reporting. These tools are excellent but are only tools. The real effectiveness of these products can only be maximized if the audit team has the experience and expertise to customize the process to each client. We believe our team has those qualities.

8. Availability to Complete Contracted Services per Timing Schedule – *In order to be considered highly advantageous, the proposer must be able to complete the services within the schedule provided for by the key dates agreed upon.* We have completed reports and CAFR’s for years and have never missed a deadline because we have developed an internal system that properly trains our team members on municipal auditing. This document highlights our plan to accomplish the tasks. We will meet the timelines enumerated in your Request for Proposal:
  - Preliminary audit work, including the audit of the Newton Contributory Retirement System to begin on or about April 1 of each year (except during the initial year of the contract, when preliminary audit work will begin before May 15), and to be completed no later than June 30.
  - No audit work to be undertaken during the July 1 to August 15 time frame.

- Audit of the Financial Statements, notes, and Management's Discussion & Analysis (MD&A) components of the Comprehensive Annual Financial Report to begin between September 1 and September 15 of each contract year, and that field work would be completed and the final deliverables provided to the City not later than November 30 of each contract year.
  - Presentations of the results of the audit are expected to be made to the Audit Advisory Committee and Finance Committee of the Board of Aldermen not later than December 15 of each contract year.
9. Accessibility and availability of the Proposer. – *To be considered highly advantageous, the Proposer must provide information in the proposal demonstrating that they will be regularly available to the City to answer questions, provide consulting services or perform special audits as necessary.* We consider client communication to be very important. Not only do we have a strict policy of never screening calls at our office, we will provide you with our cell phone numbers and if we are unable to answer your call as it comes in, we will return your phone calls and respond to e-mail communication within 1 business day.
10. Independence and Ethical Behavior – *In order to be considered highly advantageous, the proposer would need to confirm that the firm or any member of the firm has not been disciplined by any regulatory body; and that the firm and the principals are members in good standing with the American Institute of Certified Public Accountants (AICPA) and the Massachusetts Board of Public Accountancy.* No member of our firm has been disciplined by any regulatory body and the firm and all principals are members in good standing with both the AICPA and the Massachusetts Board of Public Accountancy.

We have tried to briefly address your evaluation criteria and believe we have demonstrated our ability to provide quality service to the City. We do encourage you to contact our clients in order to satisfy yourselves that the quality of our services matches the quantity.

### ***Key Team Members***

Detailed below is the experience of our management team as it relates to governmental auditing and accounting. A complete understanding of the process, in real life, of how financial statements are prepared is the most important requirement the team members must have in order to successfully complete the engagement. Any lack of knowledge and practical experience in this area will result in an inefficient engagement that does not adequately address the real life problems encountered in financial reporting. All of our team members possess these skills because auditing and preparing governmental financial statements is the primary focus of our firm.

**James E. Powers, CPA, Governmental Engagement Partner**, is the partner-in-charge of the governmental audit practice which comprises over 90% of the firm's revenue. He has over 30 years of municipal audit experience which began as an accountant with the City of Boston's Auditor's Office in 1978. He was employed by Touché Ross for several years until early 1987, one of the big eight accounting firms, as an audit manager with client responsibilities that included the Commonwealth of Massachusetts and local municipalities. In April of 1987, he founded the certified public accounting firm of Powers & Company that serviced several Massachusetts municipalities. Richard Sullivan joined with Mr. Powers in 1989 to form Powers & Sullivan.

Mr. Powers' experience in providing services to local governments for the past 30 years has given him the knowledge that you will find to be an invaluable resource. He has the ability to identify problem areas and assist in developing and implementing practical solutions to these problems. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

Mr. Powers is committed to improving the auditing, accounting and financial reporting of Massachusetts cities and towns. Over the years, Mr. Powers has volunteered his time to conduct over 100 seminars for the Massachusetts Financial Community on a variety of accounting and auditing subjects. He was the primary author of the Massachusetts Department of Revenue's publication *A Practical Guide for Implementation of GASB*

*Statement 34 for Massachusetts Local Governments – July 1, 2001*. The DOR produced and distributed approximately 2,000 copies of this publication.

He serves on the Massachusetts Society of Certified Public Accountants Governmental Accounting and Auditing Committee; is a member of the American Institute of Certified Public Accountants; and is a member of the Government Finance Officers Association. Mr. Powers is a member of the GFOA's Special Review Committee, a nationwide pool of CAFR reviewers. In this capacity, he is responsible for determining if CAFR's submitted to the GFOA are either awarded or denied the Certificate of Achievement for Excellence in Financial Reporting.

**Richard L. Sullivan, CPA, MBA, Governmental Engagement Partner**, Mr. Sullivan shares the responsibility with Mr. Powers of managing the government practice along with being the partner-in-charge of the consulting, commercial and tax practices. He has over 30 years of audit, accounting and management experience which began in 1979 with a local certified public accounting firm. He was then employed by Grant Thornton, an international certified public accounting firm, as an audit manager with client responsibilities including municipalities, public utilities, not-for-profit organizations and commercial enterprises. His private sector experience includes being the Chief Financial Officer for an international manufacturer of high technology equipment and the Chief Financial Officer for a national wholesale distributor. Richard Sullivan joined with Mr. Powers in 1989 to form Powers & Sullivan.

Mr. Sullivan's experience in providing services to local governments for the last 20+ years and commercial entities for the 10 years prior has given him the unique perspective of being responsible for being both the auditor and auditee. The practical experience of running a business, performing audits, obtaining his MBA degree and working with municipalities provides you with a significant knowledge base that can provide practical solutions to problems. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

Mr. Sullivan firmly believes that in order for Powers & Sullivan to remain a leader in the Massachusetts municipal auditing market we have the responsibility to give back to that community. His commitment has led him to volunteer his time to conduct over 100 seminars for the Massachusetts Financial Community on a variety of accounting and auditing subjects. He co-authored the Massachusetts Department of Revenue's publication *A Practical Guide for Implementation of GASB Statement 34 for Massachusetts Local Governments – July 1, 2001*. The DOR produced and distributed approximately 2,000 copies of this publication.

He also participates as an instructor in the firm's governmental training sessions. He is a member of the Massachusetts Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Massachusetts Government Finance Officers Association and serves as the Secretary of the Boston Chapter of the Association of Governmental Accountants.

**Rence Davis, CPA, MBA, Governmental Engagement Partner**, Ms. Davis has over 18 years of municipal audit experience with Powers & Sullivan and was admitted as a partner in 2008. Ms. Davis has spent 100% of her accounting and auditing career involved with Massachusetts municipalities, schools, districts and other governmental entities. She obtained her license to practice as a certified public accountant and her MBA degree while at Powers & Sullivan.

Ms. Davis' experience in providing services to local governments has given her the knowledge that is a valuable resource to her clients. She has the ability to identify problem areas and assist in developing and implementing practical solutions to these problems. She is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies. She will work directly with your staff and be on-site as part of the audit process. This hands-on approach allows officials the opportunity to deal with him directly on any issue or concern throughout the year.

She is responsible for maintaining the firm's continuing education program. As such, she is given the responsibility to develop the firm-wide and individual plans for our staff. She develops, with Michael Nelligan, our internal governmental training sessions. She also is a very active speaker at governmental seminars for the Massachusetts Society of Certified Public Accountants along with the Massachusetts Financial Community.

Ms. Davis was the key person from our firm to assist in the development of the Massachusetts School Building Authority's (MSBA) audit guidelines.

She is a member of the Massachusetts Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Massachusetts Government Finance Officers Association and the Association of Governmental Accountants. Renee completed a two-year term as the chairperson for the Massachusetts Society of Certified Public Accountant's Governmental Auditors Auditing Committee.

**Craig Peacock, CPA, MST, Governmental Engagement Partner,** Mr. Peacock has been with the firm for over 18 years and has performed over 150 comprehensive single audit and consulting engagements for Massachusetts' governments. He obtained his license to practice as a certified public accountant and his MST while at Powers & Sullivan. He was promoted to manager in 2001 and admitted as a partner in July 2010. His primary responsibility is to provide services to our governmental clients and his secondary responsibility is to work with Mr. Sullivan to manage our tax and commercial practices.

Mr. Peacock's experience in providing service to local governments has given him the knowledge that is a valuable resource to his clients. He prides himself in being very attentive to his client's needs and has demonstrated the ability to assist them throughout the year. His engagements are planned well in advance of the field work and his clients are well informed as to the expectations of both parties. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

He is responsible for conducting many of the firm's internal governmental training sessions. Craig provides guidance to our staff on all tax related matters along with providing the initial technical advice on new governmental standards. Some of his larger clients include Brookline, Lowell, Somerville, Plymouth, Abington and Belmont.

He also participates as an instructor in the firm's governmental training sessions. He is a member of the Massachusetts Society of Certified Public Accountants, the Massachusetts Government Finance Officers Association and the American Institute of Certified Public Accountants.

**Michael Nelligan CPA, Governmental Engagement Partner,** Mr. Nelligan has almost 30 years of audit, accounting and management experience which began in 1981. Mike began his career as an auditor with Grant Thornton in Boston, Massachusetts in 1981. During his 7 years with Grant Thornton, he rose to the level of Audit Manager with a client base of governments, public utilities, public universities, manufacturing, retail, hospitals, wholesale distributors and various non profit organizations. These entities ranged from start-ups to large publicly traded companies. In 1988, Mike accepted the position of CFO with an east coast wholesale

distribution firm where he managed all aspects of the company's operations. After the sale of the company in 2002, Michael joined Powers & Sullivan and currently audits many cities and towns, municipal utilities and non profit organizations.

Mr. Nelligan's experience in providing audit services and working for commercial entities has given him the unique perspective of being responsible for being both the auditor and auditee. The practical experience of running a business, performing audits and working with municipalities provides you with a significant knowledge base that can provide practical solutions to problems. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

Michael is responsible for maintaining the firm's continuing education program. As such he is responsible to develop the firm-wide and individual plans for our staff. He develops, with Renee Davis, our internal governmental training sessions. He also is a very active speaker at governmental seminars for the Massachusetts Society of Certified Public Accountants along with the Massachusetts Financial Community.

Michael works directly with Frank Serreti and Todd Jurczyk to manage all of the engagements conducted in accordance with the Massachusetts Department of Elementary and Secondary Education's (ESE) Compliance Supplement applicable to Massachusetts School Districts End-of-Year Financial Report. The firm completes over fifty of these engagements each year. Some of his larger clients include Wellesley, Springfield, Billerica, Hingham and Marshfield.

Memberships include the American Institute of Certified Public Accountants, the Massachusetts Society of Certified Public Accounts, the Association of Government Accountants and the Massachusetts Government Finance Officers Association.

**Frank Serreti CPA, Governmental Engagement Partner,** Mr. Serreti has been with the firm for over 18 years and has performed over 150 comprehensive single audit and consulting engagements for Massachusetts' governments. He obtained his license to practice as a certified public accountant while at Powers & Sullivan and was promoted to our management team in 2001.

Mr. Serreti's experience in providing service to local governments has given him the knowledge that is a valuable resource to his clients. He prides himself in being very attentive to his client's needs and has demonstrated the ability to assist them throughout the year. His engagements are planned well in advance of the field work and his clients are well informed as to the expectations of both parties. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

He is responsible for conducting many of the firm's internal governmental training sessions. Frank works directly with Michael Nelligan and Todd Jurczyk to manage all of the engagements conducted in accordance with the Massachusetts Department of Elementary and Secondary Education's (ESE) Compliance Supplement applicable to Massachusetts School Districts to the End-of-Year Financial Report. The firm completes over fifty of these engagements each year. Some of his larger clients include Andover, Beverly, North Andover, Wakefield, and Woburn.

He is a member of the Massachusetts Society of Certified Public Accountants (MSCPA), the American Institute of Certified Public Accountants, the Massachusetts Government Finance Officers Association and the Association of Governmental Accountants. Frank has recently served as the chairman of the MSCPA Government Accounting and Auditing Committee.

**Todd Jurczyk, CPA, Governmental Manager,** Mr. Jurczyk has over 12 years of governmental auditing and accounting experience. He started his governmental experience with the Fiscal Management Office of MassHighway (MHD) in 1997. While at MHD he was a member of the Commonwealth's GASB 34 implementation team; responsible for capital asset accounting; responsible for the accounting of major construction projects; responsible for compliance with federal grants; responsible for auditing the compliance of contracts with procurement laws; and was the liaison between MHD, the Comptroller's Office and the external auditors. He passed all parts of the certified public accountant's exam while at MHD. The experience at MHD has made Todd very knowledgeable in compliance auditing and specifically proficient at conducting Single Audits. He joined Powers & Sullivan in 2003, became a licensed CPA in 2006 and was promoted to manager in July 2009.

Todd spends 100% of his time at Powers & Sullivan working on our governmental clients. In 2008, the City of Quincy was obtained as a new client and Todd was assigned the task of managing one of our largest clients. He managed the entire single audit which also included a separate audit of Quincy College. This demonstrates his ability to manage a large and complex engagement with positive results for our firm and the client. Todd was substantially involved with the City of Springfield single audits and End-of-Year Financial Report engagement. Some of his other clients include Wellesley, Belmont, Billerica, Abington, Somerset and Oak Bluffs.

Todd is a member of our quality control team responsible for reviewing CAFR's prior to submittal to the GFOA award program. He is responsible for the audit of three clients that prepare CAFR's. He is part of our team that establishes our auditing procedures and our main in-house instructor for auditing requirements under A-133 and the Single Audit Act. He is a member of the Massachusetts Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

**Dennis Keohane, CPA, Governmental Manager,** Mr. Keohane has 10 years of governmental auditing and accounting experience with Powers & Sullivan. He obtained his license to practice as a certified public accountant while at Powers & Sullivan and was promoted to our management team several years ago.

Dennis has spent 100% of his time at Powers & Sullivan working on our governmental clients. We have assigned him the responsibility to be part of the management team of several of our largest and complex clients.

He has performed well in this management role and our clients are more than satisfied with his performance. He has demonstrated his ability to manage large and complex engagements with positive results. Some of his largest clients include Springfield, Plymouth, Brookline and Burlington.

Dennis is a member of our quality control team responsible for reviewing CAFR's prior to submittal to the GFOA award program. He is part of our team that establishes our auditing procedures and an in-house instructor for general government auditing requirements. He is a member of the Massachusetts Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

**Hayley Finos, CPA, MSA, Governmental Audit Senior,** Ms. Finos has been with Powers & Sullivan since 2010 and has earned her CPA designation while with Powers & Sullivan. Prior to joining us, Hayley was an associate with KPMG LLP in Boston.

Hayley has spent 100% of her time at Powers & Sullivan working with our governmental clients. She has developed a thorough knowledge of the municipal audit process and our clients have been very satisfied with Hayley's performance in the role of audit senior. Some of Hayley's audit clients include Milton, Brookline, Scituate, Freetown and Lancaster. Hayley is also a member of the Massachusetts Society of Certified Public Accountants.



## **Other Staffing Matters**

For the other staff assigned to the engagement we will assign an audit senior who has completed at least 10 single audit engagements and assistants as needed. All of our staff are college graduates and are working towards the goal of becoming Certified Public Accountants. All of our staff are full time employees of Powers & Sullivan, LLC dedicated to conducting municipal audits. We do not use consultants or subcontractors in the conduct of our audits.

In order to keep all team members up-to-date on governmental auditing the firm conducts a mandatory multiple day training session in June of each year that relates only to governmental auditing. They are also required to attend governmental seminars sponsored by professional organizations. We have a mentoring program where all members are teamed up with a member of management to assist in their professional and personal development. Finally, periodic formal review sessions are conducted throughout the year that evaluate their performance and set goals for the next period.

## **CLIENTS WHO HAVE RECEIVED THE CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

During fiscal year 2013, we submitted the following GASB #34 CAFR's to the GFOA:

Town of Andover	Town of Westwood
Town of Barnstable	Town of North Andover
Town of Duxbury	Town of Hingham
Town of Marblehead	City of Salem
Town of Marshfield	Town of Wellesley
City of Springfield	Town of Cohasset
City of Braintree	City of Somerville
City of Revere	Lower Pioneer Valley Educational Collaborative

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## **MUNICIPAL CLIENT REFERENCES**

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Listed below are client references for you to contact. Further on we have also provided a schedule of other clients. We would be pleased to provide you with references for these should you want them.

### **SELECTED EXPERIENCE AND REFERENCES**

#### **City of Melrose**

We have audited the City of Melrose and its Retirement System since FY1994. We have provided various consulting services and completed the Compliance engagements for the End of Year Financial Report. The City expends approximately \$3 million per year in federal grants. Mr. Sullivan serves as the engagement partner. The City has a Moody's bond rating of Aa3.

References:	Mr. Patrick Dello Russo, CFO/City Auditor	781-979-4107
	Mr. Robert J. Dolan, Mayor	781-979-4500

#### **City of Quincy**

We have audited the City and College since FY2008. In addition to the audit, we have provided various consulting services and completed the Compliance engagements for the End of Year Financial Report. The City's revenues total \$392 million and the City expends approximately \$18 million per year in federal grants. Mr. Powers serves as the engagement partner and Mr. Jurczyk serves as the manager. The City has a Moody's bond rating of Aa3.

References:	Mr. James Fatseas, Chief of Staff	617-376-1990
	Mr. Mark Cavanaugh, Chief Financial Officer	617-376-1264

### **Town of Wellesley**

We were selected by the Audit Committee, through a competitive bidding process, to conduct the audit of the Town, Retirement System and Electric Department since FY2004. We assisted the Town complete its first CAFR in FY2004. The Town has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for each fiscal year since 2004. We also completed the Compliance engagements for the DESE End of Year Financial Report. The Town has maintained their AAA bond rating for several years. Mr. Powers and Mr. Nelligan have served as the engagement management team since FY2004. The Town has a Moody's bond rating of Aaa.

References:	Mr. Hans Larson, Executive Director	781-431-1019 x2200
	Ms. Sheryl Strother, Finance Director	781-431-1019 x2214

### **City of Springfield**

We have audited the City of Springfield and its Retirement System since FY2005. In FY2005, Springfield was experiencing difficult financial times and special legislation was enacted that required the transfer of management of the City to a State Control Board. We were contacted by the Control Board who requested that we accept their offer to be the independent auditors. The City's financial matters returned to local control in June 2009. The City's revenues approximate \$837 million and the federal grant expenditures are approximately \$119 million. We also completed the Compliance engagements for the End of Year Financial Report. Mr. Powers and Mr. Nelligan serve as the engagement management team. The City has a Moody's bond rating of A2.

Reference:	Mr. Patrick Burns, Comptroller	413-787-6153
	Mr. Timothy J. Plante, Chief Administrative and Financial Officer	413-886-5288

### **Town of Hingham**

We have audited the Town since FY2009. The Town has \$149 million in revenues and expends \$2 million in federal grants. We assisted the Town complete its CAFR. The Town has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for each fiscal year submitted. We also completed the Compliance engagements for the End of Year Financial Report. Mr. Powers and Mr. Nelligan serve as the engagement management team. The Town has a Moody's bond rating of Aaa.

References:	Mr. Theodore Alexiades, Town Administrator	781-741-1400
	Ms. Sue Nickerson, Town Accountant	781-741-1470

### **City of Lawrence**

We have been the auditor of the City since FY2009 and are contracted through FY2014. In addition to the audit, we have provided various consulting services, forensic engagements, and completed the Compliance engagements for the DESE End of Year Financial Report. City revenues were \$335 million and the City expends approximately \$35 million in federal grants. Mr. Sullivan serves as the engagement partner.

References:	Mr. Robert G. Nunes, Fiscal Overseer	617-626-2381
	Mr. Mark J. Ianello, Finance Director	978-620-3070

### **Town of Barnstable**

We have audited the Town of Barnstable and its Retirement System since FY2000. We assisted the Town in completing its first CAFR. The Town has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for each fiscal year submitted. The Town has maintained their AAA bond rating for several years. The Town has \$193 million in revenues and expends \$9 million in federal grants. We have provided various consulting services and completed the Compliance engagements for the DESE End of Year Financial Report. Ms. Davis and Mr. Powers serve as the engagement management team. The Town has a Standard & Poor's bond rating of AAA.

Reference: Mark Milne, Finance Director

508-862-4660

### **Town of Duxbury**

We have audited the Town for over 10 years. We assisted the Town in completing its first CAFR in FY2004. The Town has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for each fiscal year since. The Town has maintained their AAA bond rating for several years. The Town's revenues were \$107 million and the federal grant expenditures were approximately \$1 million. In addition to the audit, we have provided various consulting services and completed the Compliance engagements for the DESE End of Year Financial Report. Ms. Davis and Mr. Powers serve as the engagement management team. The Town has a Standard & Poor's bond rating of AAA.

References: John Madden, Finance Director

781-934-1100 x114

### **Town of Westwood**

We have audited the Town and assisted the Town in completing their CAFR's since FY2002. The Town has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for each fiscal year since. In addition to the audit, we have provided various consulting services and completed the Compliance engagements for the DESE End of Year Financial Report. Mr. Powers and Ms. Davis serve as the engagement management team. The Town has a Moody's bond rating of Aa1.

Reference: Pamela Dukeman, Finance Director

781-320-1010

### **Town of Marblehead**

We have audited the Town and its Retirement System since FY2000. We assisted the Town in completing its first CAFR in FY2002. The Town has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for each fiscal year since. In addition to the audit, we have provided various consulting services and completed the Compliance engagements for the DESE End of Year Financial Report. Mr. Powers and Ms. Davis serve as the engagement management team. The Town has a Standard & Poor's bond rating of AAA.

Reference: John McGinn, Town Accountant

781-631-1705

### **City of Lowell**

We have been the auditor of the City and its Retirement System FY1993. In addition to the audit, we have provided various consulting services, forensic engagements, and completed the Compliance engagements for the DESE End of Year Financial Report. City revenues were \$410 million and the City expends approximately \$39 million in federal grants. Mr. Sullivan and Peacock serve as the engagement management team.

Reference: Ms. Sheryl Wright, City Auditor 978-970-4079

### **City of Somerville**

We have audited the City of Somerville and its Retirement System since the early 1990's. The City's revenues approximate \$267 million and the federal grant expenditures are approximately \$13 million. We also completed the Compliance engagements for the End of Year Pupil and Financial Report. Mr. Sullivan and Mr. Peacock serve as the engagement management team.

Reference: Mr. Edward Bean, City Auditor 617-625-6600 X3210

The schedules that follow are intended to provide a snapshot of our client base and the scope of services provided.

### Cities & Towns over \$100 Million in Revenue

	Audit Services	ESE Engagement	Years of Service	Total Revenues	Total Single Audit	CAFR
1 Springfield	X	X	5-10	\$ 837,000,000	\$ 119,000,000	X
2 Lowell	X	X	over 10	\$ 410,000,000	\$ 39,000,000	
3 Quincy	X	X	5-10	\$ 392,000,000	\$ 18,000,000	
4 Lawrence	X	X	5-10	\$ 335,000,000	\$ 35,000,000	
5 Brookline	X	X	over 10	\$ 286,000,000	\$ 6,000,000	
6 Somerville	X	X	over 10	\$ 267,000,000	\$ 13,000,000	X
7 Plymouth	X	X	5-10	\$ 250,000,000	\$ 8,000,000	
8 Peabody	X	X	over 10	\$ 242,000,000	\$ 8,000,000	
9 Braintree	X	X	5-10	\$ 231,000,000	\$ 3,000,000	X
10 Wellesley	X	X	5-10	\$ 226,000,000	\$ 2,000,000	X
11 Everett	X	X	1-5	\$ 223,000,000	\$ 10,000,000	
12 Revere	X	X	1-5	\$ 214,000,000	\$ 13,000,000	X
13 Salem	X	X	5-10	\$ 210,000,000	\$ 13,000,000	X
14 Andover	X	X	over 10	\$ 198,000,000	\$ 3,000,000	X
15 Barnstable	X	X	over 10	\$ 193,000,000	\$ 9,000,000	X
16 Billerica	X	X	over 10	\$ 186,000,000	\$ 3,000,000	
17 Arlington	X	X	over 10	\$ 179,000,000	\$ 6,000,000	
18 Beverly	X	X	over 10	\$ 165,000,000	\$ 8,000,000	
19 Woburn	X	X	over 10	\$ 156,000,000	\$ 3,000,000	
20 Burlington	X	X	over 10	\$ 156,000,000	\$ 2,000,000	
21 Belmont	X	X	5 - 10	\$ 152,000,000	\$ 2,000,000	
22 Hingham	X	X	5 - 10	\$ 149,000,000	\$ 2,000,000	X
23 Tewksbury	X	X	over 10	\$ 141,000,000	\$ 2,000,000	
24 Milton	X	X	over 10	\$ 126,000,000	\$ 2,000,000	
25 North Andover	X	X	1-5	\$ 124,000,000	\$ 2,000,000	X
26 Marshfield	X	X	1-5	\$ 120,000,000	\$ 3,000,000	X
27 Marblehead	X	X	over 10	\$ 109,000,000	\$ 1,000,000	X
28 Melrose	X	X	over 10	\$ 108,000,000	\$ 3,000,000	
29 Agawam	X	X	over 10	\$ 107,000,000	\$ 3,000,000	
30 Duxbury	X	X	over 10	\$ 107,000,000	\$ 1,000,000	X
31 Saugus	X	X	1-5	\$ 103,000,000	\$ 2,000,000	
32 Ipswich	X	X	1-5	\$ 101,000,000	\$ 1,000,000	
33 Weston	X	X	1-5	\$ 101,000,000	\$ 1,000,000	

## Cities & Towns under \$100 Million in Revenue

	Audit Services	ESE Engagement	Years of Service	Total Revenues	Total Single Audit	CAFR
34 Westwood	X	X	over 10	\$ 87,000,000	\$ 1,000,000	X
35 Wareham	X	X	5-10	\$ 85,000,000	\$ 4,000,000	
36 Scituate	X	X	1-5	\$ 84,000,000	\$ 1,000,000	
37 Wakefield	X	X	over 10	\$ 75,000,000	\$ 2,000,000	
38 Somerset	X	X	5-10	\$ 66,000,000	\$ 1,000,000	
39 Medfield	X	X	1-5	\$ 59,000,000	\$ 1,000,000	
40 Winthrop	X	X	1-5	\$ 58,000,000	\$ 2,000,000	
41 Abington	X	X	over 10	\$ 54,000,000	\$ 1,000,000	
42 Cohasset	X	X	1-5	\$ 51,000,000	\$ 1,000,000	X
43 Carver	X	X	1-5	\$ 41,000,000	\$ 2,000,000	
44 Georgetown	X	X	over 10	\$ 39,000,000	\$ 1,000,000	
45 Lunenburg	X	X	1-5	\$ 37,000,000	\$ 1,000,000	
46 Leicester	X	X	1-5	\$ 34,000,000	\$ 1,000,000	
47 Rockport	X	X	over 10	\$ 34,000,000	\$ -	
48 Monson	X	X	over 10	\$ 32,000,000	\$ 2,000,000	
49 Acushnet	X		over 10	\$ 30,000,000	\$ 1,000,000	
50 Oak Bluffs	X		over 10	\$ 29,000,000	\$ 1,000,000	
51 Manchester-By-The-Sea	X		1-5	\$ 29,000,000	\$ -	
52 Orange	X	X	5-10	\$ 25,000,000	\$ 3,000,000	
53 Rehoboth	X		5-10	\$ 24,000,000	\$ -	
54 Rowley	X		over 10	\$ 23,000,000	\$ -	
55 Freetown	X		1-5	\$ 23,000,000	\$ 1,000,000	
56 Boxborough	X	X	5-10	\$ 22,000,000	\$ -	
57 Groveland	X	X	over 10	\$ 21,000,000	\$ -	
58 Lancaster	X	X	1-5	\$ 21,000,000	\$ -	
59 Wellfleet	X		1-5	\$ 20,000,000	\$ -	
60 Wenham	X	X	5-10	\$ 16,000,000	\$ -	
61 Barre	X		1-5	\$ 13,000,000	\$ -	
62 Chilmark	X		over 10	\$ 10,000,000	\$ -	

## Schools

	Audit Services	ESE Engagement	Years of Service	Total Revenues	Total Single Audit	CAFR
1 Wachusett Regional School District	X	X	5-10	\$ 101,000,000	\$ 5,000,000	
2 North Middlesex Regional School District	X	X	1-5	\$ 56,000,000	\$ 2,000,000	
3 Nashoba Valley Regional School District	X	X	5-10	\$ 54,000,000	\$ 2,000,000	
4 Pentucket Regional School District	X	X	1-5	\$ 46,000,000	\$ 1,000,000	
5 Southeastern Regional School District	X	X	1-5	\$ 43,000,000	\$ 3,000,000	
6 Quabbin Regional School District	X	X	5-10	\$ 39,000,000	\$ 1,000,000	
7 Hamilton-Wenham Regional School District	X	X	1-5	\$ 35,000,000	\$ 700,000	
8 Lincoln-Sudbury Regional School District	X	X	5-10	\$ 34,000,000	\$ 500,000	
9 Tantasqua Regional School District	X	X	5-10	\$ 32,000,000	\$ 2,000,000	
10 Manchester Essex Regional School District	X	X	5-10	\$ 28,000,000	\$ 1,000,000	
11 Lower Pioneer Valley Educational Collaborative	X		1-5	\$ 24,000,000	\$ -	X
12 Blue Hills Regional School District	X	X	5-10	\$ 23,000,000	\$ 2,000,000	
13 Quincy College	X		5-10	\$ 22,000,000	\$ -	
14 Nashoba Valley Technical Regional School District	X	X	5-10	\$ 14,000,000	\$ 500,000	
15 Essex Agricultural & Technical High School	X	X	5-10	\$ 13,000,000	\$ 700,000	
16 Cambridge Community Charter School	X	X	5-10	\$ 7,000,000	\$ -	
17 Francis Parker Charter School	X	X	5-10	\$ 5,000,000	\$ -	
18 Martha's Vineyard Charter School	X	X	5-10	\$ 4,000,000	\$ -	
19 Salem Community Charter School	X	X	1-5	\$ 1,000,000	\$ -	



## Retirement Systems

	Audit Services	Years of Service	Total Assets
1 Middlesex County	X	over 10	\$ 887,000,000
2 Lowell	X	over 10	\$ 265,000,000
3 Springfield	X	5-10	\$ 259,000,000
4 Brookline	X	5-10	\$ 223,000,000
5 Somerville	X	over 10	\$ 201,000,000
6 Braintree	X	5-10	\$ 149,000,000
7 Lawrence	X	1-5	\$ 149,000,000
8 Wellesley	X	5-10	\$ 126,000,000
9 Plymouth	X	5-10	\$ 120,000,000
10 Arlington	X	over 10	\$ 118,000,000
11 Woburn	X	over 10	\$ 114,000,000
12 Peabody	X	over 10	\$ 113,000,000
13 Salem	X	5-10	\$ 107,000,000
14 Andover	X	5-10	\$ 97,000,000
15 Wakefield	X	over 10	\$ 92,000,000
16 Milton	X	over 10	\$ 89,000,000
17 Beverly	X	over 10	\$ 85,000,000
18 Hingham	X	1-5	\$ 82,000,000
19 Marblehead	X	over 10	\$ 79,000,000
20 Everett	X	1-5	\$ 79,000,000
21 Belmont	X	1-5	\$ 72,000,000
22 Melrose	X	over 10	\$ 63,000,000
23 Greater Lawrence Sanitary District	X	5-10	\$ 12,000,000
24 Blue Hills	X	5-10	\$ 7,000,000

The schedule below identifies Massachusetts government clients lost over the previous three years and an explanation for each as to the primary reasons we believe they discontinued our services:

Contract:

Reason:

City of Chelsea Audit Services	Belief in auditor rotation after several years
City of Waltham Audit Services	Belief in auditor rotation after several years
Town/County of Nantucket Audit Services	Price and belief in auditor rotation after several years
Town of Canton Audit Services	Price and the former Town accountant joined the new audit firm as a manager
Peabody Municipal Light Plant Audit Services	Price

During the same period our firm acquired over 10 new municipal clients.

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## AUDIT SCOPE AND APPROACH

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We will provide a Comprehensive Single Audit of the City of Newton for the fiscal years ending June 30, 2014 through 2018. Our examination will be conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, Standards for Audits of Governmental Organizations, Programs, Activities, and Functions, 1994 edition, issued by the Comptroller General of the United States, the Single Audit Act Amendments of 1996, and the provisions of Office of Management and Budget Circular A-133.

We will comply with all of the scope of services requirements expected by the City.

### Electronic Work Product

Our audit process is paperless. Our firm prepares all audit working papers, trial balances, report preparation and work product electronically. All Team Members are assigned lap-top computers that are networked in the field and supported by laser printers and scanners. We will download your trial balance directly to our audit software and use it to compile the financial statements. We will provide you with a hard and electronic copy of relevant work papers and reporting schedules. To ensure data security when transferring files electronically with Powers & Sullivan, we utilize a secure Portal that allows you to transfer and receive files securely and to control access to your financial records.

### An Overview of the Process

Powers & Sullivan, LLC follows a required risk-based auditing approach by utilizing the most up to date auditing tools provided by PPC. These audit programs and planning documents are tailored to meet each client's specific needs for the completion of an efficient financial and compliance audit.

### An overview of the process

- **Initial Planning and Preliminary Field Work**– This involves meeting with you at least one month prior to the beginning of preliminary field work to address areas of concern, changes in operations, personnel, systems, plan for the implementation of any new accounting standards, etc. We will complete a budget, review any special legislation for specific compliance, and begin the audit of the current year operating budget, long and short-term debt and compliance related to internal controls, the Single Audit, and the audit of the retirement system. As stated in your request for proposals, this will begin on or about April 1<sup>st</sup> of each contract year (except during the initial year of the contract, when preliminary audit work may begin as late as May 15<sup>th</sup>) and will be completed by June 30<sup>th</sup>.
- **Year End Work Field Work**– This involves analytical procedures and substantive tests of the financial statements. Analytical Procedures are procedures used in the evaluation of the comparison of financial information to the expectations developed by the auditor. We will audit significant assets and liability balances (i.e. cash and warrants payable) and test and verify the accuracy of the financial statements.
- **Conclusion of the Audit** - All draft reports will be reviewed with City management and final reports will be issued in accordance with the time frames established. Presentations of the results of the audit will be made to the Audit Advisory Committee and Finance Committee of the Board of Aldermen prior to December 15<sup>th</sup> of each contract year.

## Information Required from the City

In the normal course of an audit a client will prepare documents that will be supplied to us. What your staff will find is that most of what we require will be forwarding us documents and reconciliations they have prepared in the course of performing their day-to-day duties. We prefer to receive these documents in electronic format so that scanning and copying is eliminated. We will provide a secure Portal for ease and security of document sharing.

We use an Audit Manual that we tailor to each specific engagement. Within the manual is a control list that identifies information needed for the audit. In summary, what we need from you are your ledgers; support for all balance sheet accounts; support for all financial statement adjustments; and have available support for any transactions we may select for testing.

## Additional Information

The following section provides additional information on our audit process.

- a. We will complete the audit in two phases. The first phase will be conducted in the spring with the second phase starting in the fall in accordance with the terms established in your request for proposals.
- b. As noted earlier, we will assign an engagement partner, an on-site partner, a concurring partner, manager, senior auditor and assistants, as needed.
- c. We plan on completing the single audit testing, study and documentation of internal control, planning and risk assessment during Phase 1. During Phase 2 of the audit we will perform substantive testing and report preparation.
- d. Our audit process will assess the risk of each audit area and design tests that are specific to you. Our statistical testing primarily relates to the single audit and internal control verification. The sample size can range from 5 to 100 based on the control being tested.
- e. We do extensive analytical testing to support our substantive tests. We measure budget-to-actual revenue and expenditure reports for all budgeted funds. Capital Projects are measured against the capital plan and appropriations. We complete a multi-year analysis of all funds, assets, liabilities and fund balances. Our audit software runs reports that highlight variances over a set dollar and percentage for further analytical work.
- f. We complete a paperless engagement which requires that we receive all ledgers, transactions, trial balances and similar reports electronically. We use these reports to complete the financial statements directly from your ledgers and complete a significant amount of testing by having all transactions readily available for testing. We will provide you with a secure Portal to allow files to be shared securely.
- g. We will prepare and, in later years, update permanent files that document key transaction processing for receipts, revenues and receivables, payroll, expenses, refunds, purchasing, journal entries, and similar items. This documentation includes all related processes and approvals that can effect a transaction. Each year during Phase 1 of the audit we update our permanent files, with your assistance, for any changes. We use this understanding to plan our audit procedures.
- h. In our permanent files we also maintain copies of all by-laws that compliment the Department of Revenue regulations, Massachusetts General Laws and Special Legislation. We read significant grant requirements and contracts.

- i. Our testing for compliance is done as part of the Single Audit along with our substantive audit. The sample is drawn from all possible transactions but normally will include Single Audit transactions to complete dual testing as allowed by the Single Audit Act. We normally stratify the sample by specifically selecting significant dollar value transactions and randomly select others.
- j. At the end of each year, we will provide your financial management team a complete analysis of all balances in the financial statements. It will be in the form of a crosswalk from your ledgers plus all financial adjusting entries to the amounts presented on your financial statements. This will be in Excel and your staff will receive a hard copy along with the electronic files.
- k. We believe the role of an auditor goes beyond just an examination of the accounts. We expect our clients to rely on us for guidance related to reporting, municipal finance, systems automation and internal controls. We will be available to attend all necessary meetings and will work with the City to assure that all GASB requirements are met. This expanded level of service comes at no additional cost and is included as part of the quoted audit fee.

### **Expected Roles and Responsibilities of Assigned Audit Staff**

The staffing proposed for the City will have James Powers, CPA as the Engagement Partner, Renee Davis, CPA as the on-site Partner, Richard Sullivan CPA as the Concurring Partner; Todd Jurczyk CPA as the Manager; Hayley Finos, CPA as the Senior Auditor; and an Audit Assistant. Below we will briefly explain each of our team members' roles and responsibilities.

- The Engagement Partner is ultimately responsible for the completion of all aspects of the engagement and signing the audit opinions. He will review all reports and workpapers; complete the planning of the engagement; discuss the implication of all new GASB statements; be available to officials to answer any questions and attend any meeting requested. He ensures the audit was completed in accordance with government auditing standards and that the financial statements are in accordance with generally accepted accounting principles.
- The On-site Partner is primarily responsible for the day-to-day management of the audit. She will prepare all financial statements, management letter and single audit reports; assign tasks to the audit staff; work to coordinate the information required from your staff; review in detail select workpapers prepared by our staff; work directly with your staff on the practical implementation of new GASB's; and attend all requested meetings. This type of staffing allows the City to have two partners available throughout the year to consult with.
- The Concurring Partner is primarily responsible to perform a third review of the engagement. He will complete a detailed review of all reports and statements and must provide his approval before issuance.
- The Manager is primarily responsible for the day-to-day management of the audit. He will work with the on-site partner in the preparation of the financial statements, management letter and single audit reports; complete the compliance checklist, coordinate and assign tasks to the audit staff; work with the City to coordinate the information required from your staff; review in detail all workpapers prepared by our staff; work directly with City staff on the practical implementation of new GASB's; and attend all requested meetings.
- The Senior Auditor is a seasoned auditor who has experience completing similar type engagements. He/she works directly with the Manager and On-Site Partner to complete each section of the engagement; manages the audit assistants; completes a detail review of the assistant's work; complete a

significant portion of the detailed audit procedures; prepares the draft financial statements and management letter.

- The Staff Assistant's primary responsibilities are to complete the base-line audit procedures appropriate to their experience level. Their work is closely supervised by the Senior Auditor.

### **Identification of Anticipated Potential Audit Problems**

We do not anticipate any significant audit problems. We have reviewed your financial statements and are familiar with auditing the governmental funds reported, as well as the governmental and business-type activities. If a major problem does occur we will work with City management to allocate our resources to resolve the issue. If the problem is so significant that it cannot be resolved in a timely manner we would request a meeting to discuss the issue and a possible solution.

### **Audit Timing**

We normally will complete a significant portion of our audit prior to the start of year-end fieldwork. We will meet to discuss any new GASB Statements and complete a plan to implement new standards. If the new standards are complex we will prepare a detailed training program for your financial staff at no additional cost. We look at this engagement as a year round process and, as such, will not wait until the fall to start a majority of the audit work. This process allows us to be confident that we will always meet or exceed your expectations. We continue to plan our governmental audit season anticipating that we will be awarded the contract. To that end, we have reserved the appropriate time slots for our team members listed to complete the engagement in accordance with the expected timelines.

### **Additional Services Included as Part of the Engagement**

In addition to the required audit services, we propose to conduct annual site visits of selected departments (up to two per year) to document internal control systems and to provide recommendations for strengthening controls. We will provide the City with a detailed audit manual which details each section of the audit, the City's responsibilities for each section, our processes, and solutions to common problems with each section or suggestions for increasing efficiencies. Additionally, along with the draft financial statements, we will provide the City with a workpaper package that gives a detailed crosswalk from your ledgers to the final numbers in the audited financial statements.

## COMPENSATION

We recognize, in today's environment particularly, the importance of controlling our costs in order that our fees are kept at a reasonable level to the City and competitive with other firms. As a means of controlling our costs, we plan the engagement carefully, using as a basis our study and evaluation of the City's existing system of internal control. We then budget hours for each section of the engagement. As the examination progresses, we will constantly monitor our time input against the original budget. In utilizing this system of engagement management, we believe we can give the City solid assurance that deadlines will be met and costs minimized.

We estimate the time necessary to complete the examination as follows:

	CAFR Audit and Management Letter	Estimated 3 Major Programs Federal Single Audit	DESE End-of-Year Financial Report	Total
Partners (CPAs).....	180	16	4	200
Manager (CPA).....	160	32	16	208
Senior (CPA).....	160	40	-	200
Audit Staff .....	100	32	20	152
Total Hours.....	600	120	40	760

The annual, all-inclusive fixed fee for each engagement year is detailed in the attached Price Proposal for Financial Audit Services.

The prices quoted include the cost of all labor, materials, insurance, and all other necessary expenses to fulfill the conditions of the contract. This quote is valid for a period of ninety days. Included in this fee is our assurance that the City will continue to meet the requirements of the GASB 34 reporting model and that we will be available throughout the year to assist you with matters that will come to bear in dealing with new GASB pronouncements and other municipal finance issues.

We believe it is in your best interest to select the firm it feels will best serve its needs. If after evaluating our qualifications, the City decides our firm is best suited to meet these needs but, due to budgetary constraints, is considering another firm based only on a lower proposed fee, we are willing to negotiate a final fee. As with all our business dealings, we attempt to propose a fee that is fair. Our proposed fee includes a full range of services which other firms may not have included such as attendance at meetings by partners after the audit is completed, general year-round consulting on business issues and other services. If you need further clarification, we would appreciate the opportunity to explain our fee structure in detail.

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## ADDITIONAL INFORMATION

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### ***New GASB Pronouncements***

Some of the expected standards will be complex and other not applicable to the City of Newton. As part of our basic service, we will discuss all new standards well in advance of its implementation date and assist in your preparation. For the complex standards, we will prepare a training program for as many staff as your management decides should attend. The best way we have found to demonstrate the implementation of a new standard and how it affects the City's CAFR is to use the previous year's CAFR and restate your own report.

This process provides a definitive crosswalk using real numbers and footnotes on how to implement the new standard. Fortunately the GASB allows significant lead time to prepare for implementation. Once a standard is issued we will include an informational management letter comment on what needs to be done by the City. We will then provide the training at least 6 months prior to the required implementation date at no additional cost. We expect GASB 67 and 68 will require formal training sessions.

The next significant GASB's are described below.

**GASB Statement 65 – *Items Previously Reported as Assets and Liabilities*.** The Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement 65 is effective for financial statements for periods beginning after December 15, 2012 (FY2014).

**GASB Statement 66 – *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*.** The Statement resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement also amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type.

GASB Statement 66 is effective for financial statements for periods beginning after December 15, 2012 (FY2014).

**GASB Statement 67 – *Financial Reporting for Pension Plans*.** The Statement revises existing guidance for the financial reports of most pension plans.

GASB Statement 67 is effective for financial statements for periods beginning after June 15, 2013 (FY2014).

**GASB Statement 68 – *Accounting and Financial Reporting for Pensions*.** The Statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Among other changes, net pension liabilities will be reported in the government's financial statements for the first time.

GASB Statement 68 is effective for financial statements for periods beginning after June 15, 2014 (FY2015).

**GASB Statement 69 – *Government Combinations and Disposals of Government Operations*.** This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

GASB Statement 69 is effective for financial statements for periods beginning after December 15, 2013 (FY2015).

**GASB Statement 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.** This Statement improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

GASB Statement 70 is effective for financial statements for periods beginning after June 15, 2013 (FY2014).

**GASB Statement 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*.** This Statement addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

GASB Statement 71 is effective for financial statements for periods beginning after June 15, 2014 (FY2015) and should be applied simultaneously with the provisions of Statement 68.



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## APPENDIX A

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The following pages include:

- Our vision of our future relationship with the City of Newton.
- A copy of our Peer Review Report.
- Required Certifications



“Coming together is a beginning, staying together is progress, and working together is success”

- Henry Ford

“Opportunity is missed by most people because it is dressed in overalls and looks like work”

- Thomas Edison

“The achievements of an organization are the results of the combined effort of each individual.”

- Vince Lombardi

We share the above quotes with you because it symbolizes our core beliefs that:

1. We will always conduct ourselves in a manner that works towards the long-term success of Powers & Sullivan AND the City of Newton,
2. We will always be willing to “don the overalls” and work for you,
3. We will continue to provide a group of experienced professionals to compliment your Team so that the combined effort will result in the achievements both of our organizations desire.

# BRUCE D. NORLING, CPA, P.C.

## System Review Report

February 8, 2011

To the Partners  
Powers & Sullivan, LLC  
and the Peer Review Committee of the MSCPA

We have reviewed the system of quality control for the accounting and auditing practice of Powers & Sullivan, LLC in effect for the year ended September 30, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Powers & Sullivan, LLC in effect for the year ended September 30, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Powers & Sullivan, LLC have received a peer review rating of *pass*.

*Bruce D. Norling, CPA, P.C.*

## CITY OF NEWTON

### BIDDER'S QUALIFICATIONS AND REFERENCES FORM

All questions must be answered, and the data given must be clear and comprehensive. Please type or print legibly. If necessary, add additional sheet(s) for starred items. This information will be utilized by the City for purposes of determining bidder responsiveness and responsibility with regard to the requirements and specifications of the Contract.

1. FIRM NAME: Powers & Sullivan, LLC
2. WHEN ORGANIZED: \_\_1989 as a partnership and 11/8/2010 as a Limited Liability Company\_\_
3. ORGANIZED AS LLC? ☒ YES \_\_\_\_NO/DATE AND STATE OF ORGANIZATION: \_\_MA\_\_
4. IS YOUR BUSINESS A MBE? \_\_YES ☒ NO WBE? \_\_YES ☒ NO MWBE? \_\_YES ☒ NO
5. LIST ALL CONTRACTS CURRENTLY ON HAND, SHOWING CONTRACT AMOUNT AND ANTICIPATED DATE OF COMPLETION:

Please refer to listing of municipal audit clients in the detailed proposal. All audit contracts are completed on a fiscal year basis.

6. HAVE YOU EVER FAILED TO COMPLETE A CONTRACT AWARDED TO YOU?

\_\_YES ☒ NO

IF YES, WHERE AND WHY? -\_\_\_\_\_

7. HAVE YOU EVER DEFAULTED ON A CONTRACT? \_\_\_\_YES ☒ NO

IF YES, PROVIDE DETAILS. \_\_\_\_\_

8. LIST YOUR VEHICLES/EQUIPMENT AVAILABLE FOR THIS CONTRACT:

\_\_\_\_\_not applicable\_\_\_\_\_

9. IN THE SPACES FOLLOWING, PROVIDE INFORMATION REGARDING CONTRACTS COMPLETED BY YOUR FIRM SIMILAR IN NATURE TO THE PROJECT BEING BID. A MINIMUM OF FOUR (4) CONTRACTS SHALL BE LISTED. PUBLICLY BID CONTRACTS ARE PREFERRED, BUT NOT MANDATORY.

Please refer to the municipal client reference and client listing section of our detailed proposal.

10. The undersigned certifies that the information contained herein is complete and accurate and hereby authorizes and requests any person, firm, or corporation to furnish any information requested by the City in verification of the recitals comprising this statement of Bidder's qualifications and experience.

DATE: January 9, 2014

BIDDER: Powers & Sullivan LLC

SIGNATURE: 

PRINTED NAME: James E. Powers TITLE: Manager of LLC

### CERTIFICATE OF NON-COLLUSION

Pursuant to the requirements of M.G.L. c.30B, SS 10, the undersigned certifies under penalties of perjury that this bid or proposal has been made and submitted in good faith and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization, entity, or group or individuals.



\_\_\_\_\_  
(Signature of individual)

\_\_\_\_\_  
Powers & Sullivan, LLC

Name of Business

City of Newton



Mayor  
Setti D. Warren

**Purchasing Department**  
Nicholas Read @ *Chief Procurement Officer*  
1000 Commonwealth Avenue  
Newton Centre, MA 02459-1449  
purchasing@newtonma.gov

Telephone  
(617) 796-1220  
Fax:  
(617) 796-1227  
TDD/TTY  
(617) 796-1089

Date January 9, 2014

Vendor Powers & Sullivan, LLC

Re: Debarment Letter for Invitation For Bid #14-64

As a potential vendor on the above contract, the City requires that you provide a debarment/suspension certification indicating that you are in compliance with the below Federal Executive Order. Certification can be done by completing and signing this form.

**Debarment:**

**Federal Executive Order (E.O.) 12549 "Debarment and Suspension" requires that all contractors receiving individual awards, using federal funds, and all sub-recipients certify that the organization and its principals are not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency from doing business with the Federal Government.**

I hereby certify under pains and penalties of perjury that neither I nor any principal(s) of the Company identified below is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

James E. Powers \_\_\_\_\_ (Name)

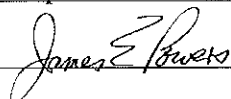
Powers & Sullivan LLC \_\_\_\_\_ (Company)

100 Quannapowitt Parkway, Suite 101 \_\_\_\_\_ (Address)

Wakefield, MA 01880 \_\_\_\_\_ (Address)

PHONE (781) 914-1700 \_\_\_\_\_ FAX (781) 914-1701 \_\_\_\_\_

EMAIL jpowers@powersandsullivan.com \_\_\_\_\_

 \_\_\_\_\_ Signature

January 9, 2014 \_\_\_\_\_ Date

If you have questions, please contact Nicholas Read, Chief Procurement Officer at (617) 796-1220.

### TAX COMPLIANCE CERTIFICATION

Pursuant to Mass. GL ch62C, Section 49A, Chapter 151A, section 19A, I certify under the penalties of perjury that Powers & Sullivan, LLC has filed all MA state tax returns and paid all MA state taxes, city and town taxes required under law.


Powers & Sullivan, LLC certifies that we are current on all of our tax obligations and have never had a tax liability that required us to establish a payment plan.

Powers & Sullivan, LLC is not certified by the State Office of Minority and Woman Business assistance.

Powers & Sullivan, LLC      FID# 27-3857113

100 Quannapowitt Parkway, Suite 101, Wakefield MA 01880

By:

A handwritten signature in black ink, appearing to read "James E. Powers". The signature is fluid and cursive, with the first name "James" and last name "Powers" clearly legible.

James E. Powers, CPA  
Partner

January 9, 2014



# Request for Taxpayer Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

Print or type  
See Specific Instructions on page 2.

Name (as shown on your income tax return) <b>Powers &amp; Sullivan, LLC</b>	
Business name/disregarded entity name, if different from above	
Check appropriate box for federal tax classification (required): <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input checked="" type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ <b>C</b> <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see Instructions) ▶	
Address (number, street, and apt. or suite no.) <b>100 Quannapowitt Parkway, Suite 101</b>	Requester's name and address (optional)
City, state, and ZIP code <b>Wakefield, MA 01880</b>	
List account number(s) here (optional)	

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I Instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number								
			-				-	

Employer identification number								
2	7	-	3	8	5	7	1	3

## Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

**Certification Instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶ <i>James P. Powers</i>	Date ▶ <i>1/9/2014</i>
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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

### Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.